

TECHNOLOGY SUMMIT INCENTIVES

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jacob L. Anderegg

House Sponsor: Brad R. Wilson

LONG TITLE**General Description:**

This bill modifies provisions related to the Industrial Assistance Account.

Highlighted Provisions:

This bill:

- ▶ modifies the allowable distribution of money from the Industrial Assistance Account;
- ▶ requires the Governor's Office of Economic Development to annually report on the grants provided through the Industrial Assistance Account;
- ▶ allows some nonprofit organizations engaged in publicizing, developing, and promoting the high tech sector to qualify for a grant from the Industrial Assistance Account;
- ▶ provides a sunset date; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2019:

- ▶ to the Economic Development – Industrial Assistance Fund as an ongoing appropriation:
 - from the General Fund, \$→ [~~\$1,000,000~~] \$500,000 ←\$.

Other Special Clauses:

None



Utah Code Sections Affected:

AMENDS:

63I-1-263, as last amended by Laws of Utah 2017, Chapters 23, 47, 95, 166, 205, 469, and 470

63N-3-102, as last amended by Laws of Utah 2016, Chapter 34

63N-3-103, as renumbered and amended by Laws of Utah 2015, Chapter 283

63N-3-109, as renumbered and amended by Laws of Utah 2015, Chapter 283

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63I-1-263** is amended to read:

63I-1-263. Repeal dates, Titles 63A to 63N.

(1) Subsection **63A-5-104**(4)(h) is repealed on July 1, 2024.

(2) Section **63A-5-603**, State Facility Energy Efficiency Fund, is repealed July 1, 2023.

(3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2018.

(4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is repealed November 30, 2019.

(5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1, 2020.

(6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is repealed July 1, 2021.

(7) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1, 2018.

(8) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1, 2023.

(9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1, 2020.

(10) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.

(11) On July 1, 2025:

(a) in Subsection **17-27a-404**(3)(c)(ii), the language that states "the Resource Development Coordinating Committee," is repealed;

(b) Subsection 23-14-21(2)(c) is amended to read "(c) provide notification of proposed sites for the transplant of species to local government officials having jurisdiction over areas that may be affected by a transplant.";

(c) in Subsection 23-14-21(3), the language that states "and the Resource Development Coordinating Committee" is repealed;

(d) in Subsection 23-21-2.3(1), the language that states "the Resource Development Coordinating Committee created in Section 63J-4-501 and" is repealed;

(e) in Subsection 23-21-2.3(2), the language that states "the Resource Development Coordinating Committee and" is repealed;

(f) Subsection 63J-4-102(1) is repealed and the remaining subsections are renumbered accordingly;

(g) Subsections 63J-4-401(5)(a) and (c) are repealed;

(h) Subsection 63J-4-401(5)(b) is renumbered to Subsection 63J-4-401(5)(a) and the word "and" is inserted immediately after the semicolon;

(i) Subsection 63J-4-401(5)(d) is renumbered to Subsection 63J-4-401(5)(b);

(j) Sections 63J-4-501, 63J-4-502, 63J-4-503, 63J-4-504, and 63J-4-505 are repealed; and

(k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are renumbered accordingly.

(12) (a) Subsection 63J-1-602.4(15) is repealed July 1, 2022.

(b) When repealing Subsection 63J-1-602.4(15), the Office of Legislative Research and General Counsel shall, in addition to the office's authority under Subsection 36-12-12(3), make necessary changes to subsection numbering and cross references.

(13) The Crime Victim Reparations and Assistance Board, created in Section 63M-7-504, is repealed July 1, 2027.

(14) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2027.

(15) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.

(16) (a) Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is repealed January 1, 2021.

(b) Subject to Subsection (16)(c), Sections 59-7-610 and 59-10-1007 regarding tax credits for certain persons in recycling market development zones, are repealed for taxable

years beginning on or after January 1, 2021.

(c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:

(i) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or

(ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if the expenditure is made on or after January 1, 2021.

(d) Notwithstanding Subsections (16)(b) and (c), a person may carry forward a tax credit in accordance with Section 59-7-610 or 59-10-1007 if:

(i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and

(ii) (A) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31, 2020; or

(B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), the expenditure is made on or before December 31, 2020.

(17) Section 63N-2-512 is repealed on July 1, 2021.

(18) (a) Title 63N, Chapter 2, Part 6, Utah Small Business Jobs Act, is repealed January 1, 2021.

(b) Section 59-9-107 regarding tax credits against premium taxes is repealed for calendar years beginning on or after January 1, 2021.

(c) Notwithstanding Subsection (18)(b), an entity may carry forward a tax credit in accordance with Section 59-9-107 if:

(i) the person is entitled to a tax credit under Section 59-9-107 on or before December 31, 2020; and

(ii) the qualified equity investment that is the basis of the tax credit is certified under Section 63N-2-603 on or before December 31, 2023.

(19) Subsections 63N-3-109(2)(f) and 63N-3-109(2)(g)(i)(C) are repealed July 1, 2023.

~~[(19)]~~ (20) Title 63N, Chapter 9, Part 2, Outdoor Recreational Infrastructure Grant Program, is repealed January 1, 2023.

~~[(20)]~~ (21) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed July 1, 2018.

~~[(21)]~~ (22) Title 63N, Chapter 12, Part 4, Career and Technical Education Board, is

repealed July 1, 2018.

Section 2. Section **63N-3-102** is amended to read:

63N-3-102. Definitions.

As used in this part:

(1) "Administrator" means the executive director or the executive director's designee.

(2) "Best available control technology" means a pollution control method that is approved by the United States Environmental Protection Agency or the Department of Environmental Quality to control a certain pollutant type to a specified degree.

(3) "Company creating an economic impediment" means a company that discourages economic development within a reasonable radius of its location because of:

(a) odors;

(b) noise;

(c) pollution;

(d) health hazards; or

(e) other activities similar to those described in Subsections (3)(a) through (d).

(4) "Economic opportunities" means unique business situations or community circumstances, including the development of recreation infrastructure and the promotion of the high tech sector in the state, which lend themselves to the furtherance of the economic interests of the state by providing a catalyst or stimulus to the growth or retention, or both, of commerce and industry in the state, including retention of companies whose relocation outside the state would have a significant detrimental economic impact on the state as a whole, regions of the state, or specific components of the state as determined by the board.

(5) "Economically disadvantaged rural area" means a geographic area designated by the board under Section **63N-3-111**.

(6) "Nonattainment area" means a part of the state where air quality is determined to exceed the National Ambient Air Quality Standards, as defined in the Clean Air Act Amendments of 1970, Pub. L. No. 91-604, Sec. 109, for fine particulate matter (PM 2.5).

(7) "Replacement company" means a company locating its business or part of its business in a location vacated by a company creating an economic impediment.

(8) "Restricted Account" means the restricted account known as the Industrial Assistance Account created in Section **63N-3-103**.

(9) "Targeted industry" means an industry or group of industries targeted by the board under Section [63N-3-111](#), for economic development in the state.

Section 3. Section **63N-3-103** is amended to read:

63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties -- Costs.

(1) There is created a restricted account within the General Fund known as the "Industrial Assistance Account" of which annually:

(a) up to 50% of the unencumbered money in the account may be used in economically disadvantaged rural areas;

(b) up to [25%] the greater of ~~H~~→ ~~[\$1,000,000]~~ **\$500,000** ~~←H~~ or 25% of the unencumbered money in the

account may be used to take timely advantage of economic opportunities as they arise; and

(c) up to 4% of the unencumbered money in the account may be used to promote business and economic development in rural areas of the state with the Business Expansion and Retention Initiative.

(2) The administrator shall administer:

(a) the restricted account created under Subsection (1), under the policy direction of the board; and

(b) the Business Expansion and Retention Initiative for the rural areas of the state.

(3) The administrator may hire appropriate support staff to perform the duties required under this section.

(4) The cost of administering the restricted account shall be paid from money in the restricted account.

(5) Interest accrued from investment of money in the restricted account shall remain in the restricted account.

(6) The office shall review the activities and progress of grant recipients under this chapter on a regular basis and, as part of the office's annual written report described in Section [63N-1-301](#), report on the economic impact of activities funded by the grants.

Section 4. Section **63N-3-109** is amended to read:

63N-3-109. Financial assistance to entities offering economic opportunities.

(1) Subject to the duties and powers of the board under Section [63N-1-402](#), the administrator may provide money from the Industrial Assistance Account to an entity offering

an economic opportunity if that entity:

(a) applies to the administrator; and

(b) meets the qualifications of Subsection (2).

(2) The applicant shall:

(a) demonstrate to the satisfaction of the administrator the nature of the economic opportunity and the related benefit to the economic well-being of the state by providing evidence documenting the logical and compelling linkage, either direct or indirect, between the expenditure of money necessitated by the economic opportunity and the likelihood that the state's tax base, regions of the state's tax base, or specific components of the state's tax base will not be reduced but will be maintained or enlarged;

(b) demonstrate how the funding request will act in concert with other state, federal, or local agencies to achieve the economic benefit;

(c) demonstrate how the funding request will act in concert with free market principles;

(d) in the case of an economic opportunity that includes the retention of jobs, demonstrate how the potential relocation of jobs outside the state is related to a merger, acquisition, consolidation, or similar business reason other than the applicant simply requesting state assistance to remain in the state;

(e) satisfy other criteria the administrator considers appropriate; ~~and~~

(f) if the applicant meets the requirements of Subsection (2)(g)(i)(C), demonstrate how the funding request will be used primarily to fund a program of out-of-state advertising, marketing, and branding for an annual conference for the high tech sector with at least 10,000 attendees; and

~~(f)~~ (g) be either:

(i) an entity whose purpose is to exclusively or substantially promote, develop, or maintain the economic welfare and prosperity of the state as a whole, regions of the state, or specific components of the state, including:

(A) an entity that is a sports development organization under contract with the state for sports development and sporting event attraction and related activities that provide an economic impact or promotional value to the state; ~~or~~

(B) an entity that implements technology innovation in public schools, including whole-school one-to-one mobile device technology deployment for the purpose of incubating

